

Mayor Joseph A. Curtatone
The Mayor's Office of Strategic Planning
And
Community Development
HOUSING DIVISION



INFORMATION PACKET
143 Cross Street #2

143 Cross Street was renovated in 2002 and was purchased as an affordable unit through the City of Somerville's Inclusionary Housing Program. In accordance with the Deed Restriction, the current owner has notified the City of their intent to sell the unit and the City is required to locate an income eligible, qualified buyer who is **ready to proceed**.

The City is required to calculate the maximum affordable price. The affordable sale price has been calculated as **\$280,000, plus a monthly condo fee of \$127.00.**

Through Somerville's Inclusionary Zoning Ordinance, this unit must be sold to a household with 3 or more people with a household income below 110% of area median income.

Maximum Annual Income

110% Median	3 Person	4 Person	5 Person	6 Person
Income	\$83,270	\$92,510	\$99,880	\$107,360

The affordable second-floor condo unit has 3 bedrooms and 1 bathroom. It includes off-street parking, storage in the basement and is close to transportation. It will be ready for occupancy in mid-July 2007.

As an Inclusionary Housing Unit, the condo will have a "deed rider" that will be filed along with the mortgage at the time of purchase. This means that the price at which the unit is resold will be restricted, any subsequent owners will also have an income of no more than 110% of area median income and will ensure that the unit remains affordable in the long term.

Completed Applications, with all the necessary supporting documents, must be submitted to the City of Somerville Housing Division at 50 Evergreen Avenue no later than **12:00 PM on Friday, May 18, 2007**. Applications received after the deadline or which are incomplete will not be eligible.

An Open House allowing interested buyers to view the property is scheduled for:

Sunday, May 6th from 2-4 PM

Wednesday, May 9th from 6-8 PM

Bank Pre-Approval Financing

Applicants are required to submit, as part of their application, a **pre-approval letter for a mortgage in an amount sufficient to purchase the unit.**

Lottery Process

Lottery Drawing: The lottery will be held at City Hall Annex, SPCD, Housing Division 2nd floor, 50 Evergreen Ave at **12:00 PM on Tuesday May 22, 2007**. Applicants need not be present, but are encouraged to attend.

Applicants will be selected at random at the lottery and will be numbered in the order they are selected. The first selected applicant will have the first opportunity to purchase the unit. This applicant will have (1) week to certify their eligibility with the City. If they are determined to be ineligible, the second applicant chosen at the lottery will be notified and given (1) week to certify. This process will continue until an eligible applicant is selected.

Once certified, the buyer will enter into a Purchase and Sale Agreement with the current owner/seller. The buyer will formally apply for a mortgage loan with their chosen lender and then the buyer and owner will agree to a mutually convenient closing date.

Description of Deed Restriction

This opportunity to purchase an affordable unit at a significant discount is being offered through the Somerville's Inclusionary Housing Program. This requires that the unit remain affordable for future buyers.

If you are selected to purchase this unit, you will sign a "Deed Rider", which describes the restrictions on the unit and your responsibilities. These restrictions will remain with the unit for the life of the building and will apply to you and all subsequent owners.

The following is an overview of the most important aspects of the Deed Rider and is meant for informational purposes only. If selected, you are strongly encouraged to seek legal advice and review the total document.

- **Principal Residence:** The property/unit must be used as your principal residence.
- **Leasing and Refinancing:** Expressed written consent must be obtained from the City of Somerville SPCD, Housing Division prior to leasing your unit and/or Refinancing your loan.
- **Notice to the City of Somerville when selling your home/unit:** When you want to sell your home, you must contact the City of Somerville, SPCD Housing Division or designee. You must submit written intent to sell. SPCD will calculate the Maximum Affordable Sale Price using the same formula used to calculate your original sale price found in the Somerville Zoning Ordinance 13.3.3

Resale Price Example:

In 2005, a 3-person household earning less than 110% Area Median Income (\$83,270) purchases an affordable unit for \$280,000.

In 2010 the household wants to sell. We'll assume the 110% AMI may be (\$89,000) and that interest rates remain the same. This would result in a resale price of \$301,000.

Resale Process:

Once the City calculates the affordable sale price, the owner may elect to market the unit independently or request the City's assistance in locating a buyer. In all cases, the buyer must meet income and asset criteria and the City must certify their income. A deed- restricted unit cannot be resold without the City's Compliance release.

6.5% Interest Rate

143 Cross Street: 34 Bedroom Unit :Offered to a household size of 3 or more earning less than **\$83,270**

Maximum Income to Participate (3 person):	<u>\$ 83,270</u>
Sales Price:	<u>\$280,000</u>
Minus 3% buyer down payment:	<u>\$ 8,144</u>
Estimated Mortgage Loan Amount:	<u>\$271,856</u>

Mortgage Assumptions:

\$271,856 @ 6.5% Interest Rate, 30 Year Fixed

Equals:	\$ 1716	P&I
	\$ 50	Insurance
	\$ 50	Taxes
	<u>\$ 127</u>	<u>Condo Fee and Parking Fee</u>
Total:	\$ 1,943	monthly housing expense

Minimum Income to Support Mortgage: \$68,000 - \$75,000*

***Depending on amount of down payment**